

**Scope of Services**  
**Colorado Airports Economic Impact Study**  
**May, 2012**

**Task 1: Data Collection and Surveys For Direct/First Round Impacts**

To produce a sound economic impact study, a comprehensive data gathering effort is needed. The Colorado Airports Economic Impact Study will identify the economic value of individual airports in Colorado. The value of conducting an airport economic study lies within the ability of that study to educate the public and others, including elected officials, on the economic value of the airport within their community.

The first step in this task will be to notify all airports related to the study's start up. All airports will then be contacted to obtain lists/contacts for all of their on-airport tenants and businesses. These tenants include on-airport businesses such as airlines, FBOs, air cargo operators, flight schools, charter and aircraft rental companies, corporate flight departments, airport management, aircraft sales, specialty providers and others.

When initial contacts are made with each of the airports, airport management will also be asked to provide information on annual operations (including the portion of the airport's annual operations that are thought to be connected to visiting aircraft); commercial enplanements (if applicable and the percent of enplaning passengers that are thought to be visitors); based aircraft by type; and ways in which the airport benefits the health, safety and welfare of the market area it serves. Initial requests for information on non-aviation businesses that rely on each airport to support their operations will also be made at this time. Airport managers will also be asked to identify either on-site military or visiting military aircraft that use their airport.

While we are in the process of collecting a comprehensive list of all businesses and tenants located at Colorado airports, we will at the same time be working with CDOT Aeronautics to develop a survey that will be used to collect study related information from these tenants. At a minimum, the following information will be gathered from tenants/businesses at Colorado airports:

- Type of business
- Number of current on-airport employees
- Annual payroll
- Average annual capital investment
- Annual taxes
- Qualitative benefits of the airport
- Non-aviation businesses using the airport
- Timeline changes

An important part of the tenant/business surveys will be obtaining a recent history of average annual capital investment for the airport and for its individual tenants. "Construction" impacts are included in the direct/first round category.

CDOT Aeronautics will have input into developing all surveys, and they will review and approve these surveys before they are distributed by mail directly to each of the airport tenants at the public general aviation and commercial airports in Colorado.

Approximately one week after the surveys are mailed, our team will follow up with each of the tenants to make sure that they received the survey. At that time, we will be able to answer any initial questions that tenants may have. During this call, we will also notify each tenant when we will be visiting their airport and we will arrange a time to meet with them. We will ask tenants to complete their survey prior to our visit. Approximately 55 of the system airports will be visited by a representative of the project team; the remaining airports will be contacted via mail and phone.

The most important meeting at all airports will be with airport management. Follow up telephone interviews will be conducted to verify and complete information on the tenant surveys as needed.

## **Task 2: Data Collection and Surveys for Indirect/First Round Impacts**

"Indirect" impacts, which are also classified as first round impacts, consist of expenditures by visitors arriving at an airport either via or both commercial service or general aviation aircraft. For each airport, we will estimate each of the following:

- The number of annual enplaned commercial passengers that are visitors using each airport
- The number of annual commercial enplanements that are international visitors
- The number of general aviation aircraft that are true visiting aircraft
- The number of passengers and pilots per visiting general aviation aircraft

These factors will be determined using airport specific records, data from CDOT, data from USDOT and FAA databases, and information from this study's surveys. We will also research information on visitor travel patterns and spending that is currently available from various secondary data sources in the State.

Estimates of expenditures by visitors who arrive via the commercial airlines will be derived from information collected via a commercial service passenger survey (as needed) and through secondary data sources. To complete this task, information on each of the following will be sought:

- Trip purpose
- Length of stay
- Domestic vs international traveler
- Expenditures for lodging
- Expenditures for food
- Expenditures for ground transportation
- Expenditures for entertainment
- Expenditures for retail

Information will also be sought from visitors who arrive in Colorado via general aviation aircraft. We will identify a series of FBOs around the State who are willing to assist in distributing surveys to visitors. These surveys will be postage paid so that they can be directly returned to the consultant for analysis. We will work with CDOT to identify FBOs to participate in this effort, the timeframe for the visiting passenger survey, and the length of time the survey should be distributed. From visitors who arrive in Colorado via general aviation aircraft the following will be collected:

- Number of persons on arriving on the visiting aircraft
- Trip purpose
- Length of stay
- Expenditures for lodging
- Expenditures for food
- Expenditures for ground transportation
- Expenditures for entertainment
- Expenditures for retail

### **Task 3: Estimate First Round Impacts (Direct and Indirect Impacts)**

Data collected in this task will enable us to determine the number of jobs, annual payroll and annual economic activity (output) that is associated with airport tenants/businesses, capital improvements, and visitors who arrive in Colorado via commercial carriers or general aviation aircraft.

For on-airport tenants and businesses, employment, payroll, average annual capital improvements, and total annual economic impact will be calculated from survey information obtained from the airports and their tenants. Employment and annual payroll related to visitors who arrive in Colorado via commercial airlines or general aviation aircraft will be estimated using ratios that relate total annual spending by visitors to employment and payroll. Visitor spending will be determined via efforts described in Task 2.

Estimates of air cargo impacts and impacts associated with international visitors will be estimated in this task, as data permits. In addition, first round impacts will also reflect the impact of capital improvements completed by airport tenants or by the airports themselves. Only on-airport air cargo benefits will be estimated.

#### **Task 4: Estimate Second Round Impacts (Induced Impacts)**

The consultant will obtain Colorado-specific statewide multipliers. The multipliers for this task will be determined based on their consistency with prior Colorado economic impact studies and may be regional in nature. The consultant will construct a spreadsheet model that will assess the economic impact of each airport in the State through the various employment categories that provide aviation benefits. The multipliers will be used to estimate second round and ultimately the total economic impacts for each airport and the State by corresponding impact categories. CDOT will review the multipliers and output prior to their being finalized.

The model used in this task will replicate how first round impacts associated with airport businesses/tenants and visitors continue to re-circulate in Colorado's economy, creating successive waves of employment, payroll, and annual economic activity.

#### **Task 5: Estimate Total Annual Economic Impacts**

Output from the model developed in Task 4 will support the presentation of total economic impacts in terms of the following three economic impact measures:

- Economic Activity or Output
- Earnings (Payroll plus benefits)
- Jobs

These three impact measures are inter-related, but must be expressed separately.

In addition, the unique benefits associated with each airport in the State will be identified so that they can be incorporated into each airport's individual summary report.

#### **Task 6: Economic Impact of Denver International Airport**

While the same general economic impact methodology will be employed for Denver International Airport as the other commercial service airports, the size of this facility and the large number of tenants warrants a separate task. The consultant will coordinate with airport management at Denver International to obtain necessary data (capital program, list of on-airport tenants, number of employees). Surveys will be sent to airport management and all on-airport tenants. CDOT and Denver International will approve all surveys prior to the surveys being issued. Information on visitors and their length of stay and expenditure patterns will be obtained from secondary data sources. Second round impacts will be calculated based on the airport's first round impacts.

Results will be reviewed with CDOT and Denver International staff before they are integrated into the statewide study.

### **Task 7: Value Added Business Benefits**

The economic benefits of aviation related businesses located on one of Colorado's public commercial or general aviation airports will be discussed as part of this study's first round impacts. There are, however, additional benefits that should be noted to reflect the total benefit of the airport system as it relates to businesses throughout the State. There are many employers who without access to commercial and/or general aviation airports would be forced to cut operations in Colorado or worse yet, relocate outside the State. As a result of the life style choices, many businesses have moved to Colorado. In many cases, however, their ability to exist in Colorado is tied to their ability to travel to other parts of the country and the world.

As part of this task, non-aviation business surveys will be developed in conjunction with CDOT Aeronautics staff. The exact number of surveys to be mailed will be determined in conjunction with CDOT. FAA's IFR database will be used to reach out to businesses that rely on Colorado airports. Airport management will also be called upon to provide local non-aviation business users. Some of the questions that will be asked of the non-aviation business users could include:

- Number of employees in Colorado
- Number of annual commercial airline trips taken by all these employees
- Annual company budget for commercial airline travel
- Reliance on general aviation either through outright ownership, fractional ownership, rental, or charter
- Reliance on commercial or general aviation for customers, suppliers, or vendors who travel to Colorado to do business with the responding Colorado employer
- Use of air cargo and overnight shipping
- Importance of proximity to commercial and or general aviation airport related to selecting their business location in Colorado
- Possible reduction in workforce or annual sales without access to airports/aviation services

### **Task 8: Tax Impacts**

While airports do not generally pay taxes, airports and aviation services still help to contribute to state and local tax bases. The degree to which aviation-related taxes can be estimated for this study to some extent relies on accessibility and tax record keeping within the State and on the local level. During Task 1 of this study, we will collect from airport businesses information on taxes paid.

Statewide rates of taxation on income, sales, food and beverage and hotels will be considered at minimum in this analysis. Tax benefits will be estimated for each of the study airports.

#### **Task 9: Qualitative Benefits**

Airports throughout Colorado provide notable economic benefits that will be measured in earlier tasks of this study. To fully understand and represent all benefits that are associated with airports in Colorado, it is also important to document qualitative benefits that are supported by each of the airports. Typically, these benefits are related to health, welfare and safety activities that the airports help to support. Examples of qualitative benefits are firefighting activities, emergency medical flights, and/or law enforcement activities. Qualitative benefits help to improve the quality of life for everyone in Colorado, even those who never use one of the airports or the many aviation services they offer.

As part of the data collection and survey efforts that will be undertaken in Task 1 of this study, specific examples of qualitative benefits associated with each of the public airports will be sought. At the conclusion of this study, individual economic impact reports will be prepared for each of Colorado's public general aviation and commercial airports; each airport's qualitative benefits will be documented in these reports.

#### **Task 10: Timeline Economic Impact Changes**

As airports in Colorado have grown and changed, their respective economic impacts have changed too. As part of this task, we will provide a timeline for each of the airports that highlights, to the extent possible, changes in demand, airport activity, facilities, and tenants that have characterized each airport and that have changed between the three economic impact reporting periods. Off-airport developments in the area that may have an impact on economic activity at specific system airports will be noted to the extent possible.

From airport and CDOT records, information from the prior economic impact studies, and surveys that will be completed as part of this update, we will be able to provide quantitative and anecdotal information that characterizes each airport for each of the three economic impact reporting periods. This comparison will enable us to highlight changes that have taken place. This information will be summarized in each airport's individual economic impact report. Having this information will help each airport understand and support the findings of this report.

#### **Task 11: Documentation**

The results of the study will be recorded within the following reports:

- Colorado Airport Economic Technical Report
- Executive Summary
- Airport Economic Report

Working papers will be prepared for each of the ten technical tasks in the study. Five copies of each working paper will be delivered to CDOT. These working papers will form the basis for the study's final technical report. At the conclusion of the study, 10 hard copies and 100 CDs of the technical report will be delivered to CDOT.

Each airport will have a separate full, color report. The report will be prepared using an 11X17 (or other agreed upon size) format. Electronic files for each airport will be provided to CDOT and the individual airports for printing. Information that could be included in each individual Airport Economic Impact Report includes the following:

- Role of the airport
- An airport photo
- Airport facilities
- Aviation demand
- An economic benefit of the airport; including air cargo benefits if appropriate
- Qualitative benefits of the airport
- Tax benefits
- Timeline benefits of the airport

A full color 8 to 12 page executive summary will also be provided; 5,000 copies of the color executive summary will be printed and delivered to CDOT. The executive summary will provide a user friendly explanation of how the different impacts are derived.

All reports will be submitted to CDOT Aeronautics in both hard-copy and electronic format. All information in project technical and summary reports will be provided in pdf so that Aeronautics can post information from the economic study on their website.

## **Task 12: Meetings**

Four meetings are anticipated to review material and discuss the study findings. Meetings will be held at key junctures to discuss the project with CDOT as needed. The final meeting will be a formal presentation of the study at one of the State's aviation conferences. The consultant will supply all necessary handouts and presentation materials for all meetings.